



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN NO. 1596 (1955)

May 12, 1987

SUBJECT: Appeals Involving Both Farmer Programs (FP) and Single Family Housing (SFH) Loans

TO: All State Directors, State Directors-at-Large,
District Directors and County Supervisors, FmHA

Purpose/Intended Outcome:

This AN is to assist in coordinating FP loans in default when Forms FmHA 1924-14, 1924-25, and 1924-26 are being sent to a FP borrower who also has a SFH loan(s). (See FmHA Instruction 1955-A Section 1955.15(d)(2)(iv).)

Comparison with Previous AN:

No previous AN on this subject.

Implementation Responsibilities:

Cases where the SFH and FP loans are secured by the same real estate should be handled as follows:

1. The County Supervisor will prepare the SFH foreclosure recommendation according to FmHA Instruction 1955-A and applicable State Instruction, and submit it to the District Director for review, along with completed Forms FmHA 1924-14, 1924-25, and 1924-26.
2. The District Director will review the submission and if he/she determines the SFH loan has been adequately serviced, will approve the SFH foreclosure and accelerate the account using Exhibit B or C of FmHA Instruction 1955-A, as appropriate. (If the SFH loan has not been adequately serviced, the loan file will be returned to the county office with instructions for completing needed servicing actions.) The acceleration notice and the FP adverse-action forms should be mailed to the borrower together. The Hearing Officer will be the State Director or designee.
3. If the borrower appeals the acceleration of the SFH loan(s), the borrower will be advised the SFH appeal hearing will be held in abeyance until the servicing options for the FP loans have been considered (or the time for requesting servicing options has passed).

EXPIRATION DATE: April 30, 1988

FILING INSTRUCTION:
Preceding FmHA
Instruction 1955-A



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4. If the FP default is not resolved, any appeal resulting from the proposed FP adverse action will be merged with the SFH appeal, one hearing will address both and one decision letter will be prepared to cover both the FP and SFH issues. If the decision is upheld, the Review Officer is the Deputy Administrator, Program Operations.

5. If the FP default is resolved by reamortization, rescheduling or consolidation, the SFH loan(s) will be reinstated and reamortized under Instruction 1951-G and the borrower will be eligible for any program benefits for which he/she qualifies.

In cases where the dwelling financed with a SFH loan is on a nonfarm tract apart from the farm, the SFH loan is not required to be accelerated along with the FP adverse action unless an additional mortgage was taken on the nonfarm tract to further secure FP debts. A proposed revision to FmHA Instruction 1965-A is now in the comment period, and if finalized as proposed, will give greater flexibility in continuing the SFH loan on a nonfarm tract after the farm loans are liquidated. If you have combination cases with the SFH property on a nonfarm tract, whether or not it is cross-collateralized, we suggest that foreclosure action be held in abeyance until the proposed rule is finalized if it appears the revision will allow the borrower to retain the nonfarm residence.

You are reminded that if a FP borrower owes non-FP FmHA loans other than SFH secured by the same real estate, the liquidation procedures governing the non-FP loans prevail. For example, if a FP borrower also has a Labor Housing (LH) loan, the foreclosure docket for the LH loan must be prepared by the District Director and submitted to the State Director. Depending on the debt amount, National Office concurrence may be required prior to the State Director accelerating the account. In these cases, the State Director will mail the FP 1924 series of forms to the borrower along with the acceleration notice. The Hearing Officer in such a case would be the Deputy Administrator, Program Operations, or designee, and no review of the decision would be offered.



VANCE L. CLARK
Administrator